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I

106TH CONGRESS  
1ST SESSION

# H. R. 250

To amend the Internal Revenue Code of 1986 and the Social Security Act to provide for personal investment plans funded by employee Social Security payroll deductions, to extend the solvency of the old-age, survivors, and disability insurance program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1999

Mr. SANFORD introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 and the Social Security Act to provide for personal investment plans funded by employee Social Security payroll deductions, to extend the solvency of the old-age, survivors, and disability insurance program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Strengthening Social  
5 Security Act of 1999."

1 **SEC. 2. PORTION OF SOCIAL SECURITY TAXES ON EMPLOY-**  
2 **EES DEPOSITED INTO PERSONAL INVEST-**  
3 **MENT PLANS.**

4 (a) **DEDICATION OF EMPLOYEE TAXES AND SELF-**  
5 **EMPLOYMENT TAXES.—**

6 (1) **TAX ON EMPLOYEES.**—Section 3101(a) of  
7 the Internal Revenue Code of 1986 (relating to  
8 OASDI tax on employees) is amended—

9 (A) by striking the period at the end of the  
10 table and inserting a semicolon; and

11 (B) by adding after and below the table  
12 the following: “except that, in the case of an eli-  
13 gible employee (as defined in section 255(3) of  
14 the Social Security Act), the rate of tax under  
15 this subsection shall be 5.2 percent with respect  
16 to wages paid on or after December 31, 1999,  
17 for pay periods ending after such date.”.

18 (2) **SELF-EMPLOYMENT TAX.**—Section 1401(a)  
19 of such Code (relating to OASDI tax on self-employ-  
20 ment income) is amended—

21 (A) by striking the period at the end of the  
22 table and inserting a semicolon; and

23 (B) by adding after and below the table  
24 the following: “except that, in the case of an eli-  
25 gible self-employed individual (as defined in sec-  
26 tion 255(4) of the Social Security Act), the rate

1 of tax under this subsection shall be 11.4 per-  
2 cent of the amount of the self-employment in-  
3 come in the case of a taxable year beginning  
4 after December 31, 1999.”.

5 (3) EFFECTIVE DATE.—

6 (A) EMPLOYEE TAX.—The amendments  
7 made by paragraph (1) apply to remuneration  
8 paid after December 31, 1999.

9 (B) SELF-EMPLOYMENT TAX.—The  
10 amendment made by paragraph (2) apply to  
11 taxable years beginning after December 31,  
12 1997.

13 (b) PERSONAL INVESTMENT PLANS.—

14 (1) IN GENERAL.—Title II of the Social Secu-  
15 rity Act (42 U.S.C. 401 et seq.) is amended—

16 (A) by inserting before section 201 the fol-  
17 lowing:

18 “PART A—INSURANCE BENEFITS”;

19 and

20 (B) by adding at the end the following:

21 “PART B—PERSONAL INVESTMENT PLANS

22 “PERSONAL INVESTMENT PAYROLL DEDUCTION PLANS

23 “SEC. 251. (a) IN GENERAL.—Each person who is

24 a covered employer for a calendar year shall have in effect

1 a personal investment payroll deduction plan for such cal-  
2 endar year for such person's eligible employees.

3       “(b) PERSONAL INVESTMENT PAYROLL DEDUCTION  
4 PLANS.—For purposes of this part, the term ‘personal in-  
5 vestment payroll deduction plan’ means a written plan of  
6 an employer—

7               “(1) which applies only with respect to wages of  
8 eligible employees,

9               “(2) under which the personal investment plan  
10 contributions will be deducted from the employee's  
11 wages and paid to the Social Security Administra-  
12 tion with respect to a personal investment plan des-  
13 ignated in accordance with section 252(a),

14               “(3) under which the employer is required to  
15 pay the amount so deducted with respect to the  
16 specified personal investment plan within 10 busi-  
17 ness days after the payment of the wages from  
18 which the amount was deducted,

19               “(4) under which the employer receives no com-  
20 pensation for the cost of administering such plan,  
21 and

22               “(5) under which the employer does not make  
23 any endorsement with respect to any personal invest-  
24 ment plan.



1       “(c) AMOUNTS DEDUCTED MAY BE ACCUMULATED  
2 BY EMPLOYER IN CERTAIN CASES.—If, under the terms  
3 of a personal investment plan designated under section  
4 252(a), contributions below a specified amount will not be  
5 accepted, the requirements of subsection (b)(2) shall be  
6 treated as met if amounts deducted from the wages of  
7 such employee are accumulated by the employer and paid  
8 to such plan not later than 10 business days after the first  
9 day on which the accumulated amount exceeds such speci-  
10 fied amount.

11       “DESIGNATION OF PERSONAL INVESTMENT PLANS  
12               UNDER PAYROLL DEDUCTION PLAN

13       “SEC. 252. (a) IN GENERAL.—Except as provided in  
14 subsection (b), the personal investment plan to which the  
15 personal investment plan contributions with respect to any  
16 employee are required to be paid under section 251 shall  
17 be a personal investment plan designated by the employee  
18 to the employer not later than 10 business days after the  
19 date on which the employee becomes an employee of such  
20 employer. Any such designation shall be made in such  
21 form and manner as may be prescribed in regulations of  
22 the Commissioner of Social Security.

23       “(b) DESIGNATION IN ABSENCE OF TIMELY DES-  
24 IGNATION BY EMPLOYEE.—In any case in which no timely  
25 designation of the personal investment plan is made, the  
26 employer shall make the designation of the personal in-

1 vestment plan in accordance with regulations of the Com-  
2 missioner of Social Security.

3 “PARTICIPATION BY SELF-EMPLOYED INDIVIDUALS

4 “SEC. 253. (a) IN GENERAL.—Each eligible self-em-  
5 ployed individual who receives self-employment income in  
6 any taxable year, shall, in such form and manner as shall  
7 be prescribed in regulations of the Commissioner of Social  
8 Security, deposit with the Social Security Administration  
9 with respect to a personal investment plan maintained by  
10 such individual the personal investment plan contribution  
11 for such taxable year. Such deposit shall be made within  
12 10 business days after the receipt by such individual of  
13 such self-employment income.

14 “(b) AMOUNTS PAYABLE MAY BE ACCUMULATED IN  
15 CERTAIN CASES.—If, under the terms of a personal in-  
16 vestment plan maintained under subsection (a), contribu-  
17 tions below a specified amount will not be accepted, the  
18 requirements of subsection (a) shall be treated as met if  
19 amounts otherwise payable under subsection (a) are accu-  
20 mulated by the individual and paid to such plan not later  
21 than 10 business days after the first day on which the  
22 accumulated amount exceeds such specified amount.

23 “DESIGNATION OF PLANS OF SURVIVING SPOUSES AND  
24 SURVIVING DIVORCED SPOUSES

25 “SEC. 254. (a) IN GENERAL.—Except as otherwise  
26 provided in this section, in the case of a deceased individ-

1 ual with respect to whom a personal investment plan was  
2 established and maintained pursuant to section 252 or  
3 253, the trustee of such plan shall transfer the balance  
4 in such plan to a personal investment plan maintained by  
5 an eligible survivor if such plan is designated by the eligi-  
6 ble survivor to the trustee not later than 20 business days  
7 after the date of such individual's death. Any such des-  
8 ignation shall be made in such form and manner as may  
9 be prescribed in regulations of the Commissioner of Social  
10 Security.

11       “(b) EXCEPTION IN CASE OF WRITTEN CONSENT TO  
12 TRANSFER TO ANOTHER BENEFICIARY.—In any case in  
13 which the eligible survivor of a deceased individual has  
14 consented in writing to a transfer by such individual of  
15 the balance in such individual's personal investment plan  
16 to another beneficiary, the trustee of such plan shall trans-  
17 fer the balance in such plan to such beneficiary within the  
18 period of 20 business days following the date of such indi-  
19 vidual's death.

20       “(c) DESIGNATION IN ABSENCE OF TIMELY DES-  
21 IGNATION OR CONSENT BY ELIGIBLE SURVIVOR.—In any  
22 case in which, upon the expiration of the 20-day period  
23 described in subsection (a), there is an eligible survivor  
24 but no timely designation is made by the eligible survivor  
25 under subsection (a) and no consent has been made pursu-



1 ant to subsection (b), the trustee shall make the designa-  
 2 tion of the personal investment plan under subsection (a)  
 3 on behalf of such eligible survivor, in accordance with reg-  
 4 ulations of the Commissioner of Social Security.

5 “(d) DISPOSITION OF PLAN BALANCE IF NO ELIGI-  
 6 BLE SURVIVOR EXISTS.—In any case in which, upon the  
 7 expiration of the 20-day period described in subsection (a),  
 8 no timely designation under subsection (c) has been made  
 9 and there is no eligible survivor, the trustee of the de-  
 10 ceased individual’s plan shall transfer the balance in such  
 11 plan to the estate of the deceased individual.

12 “(e) PERIOD FOR TRANSFER BY TRUSTEE.—In the  
 13 case of a transfer by a trustee under subsection (a), (c),  
 14 or (d), the trustee shall transfer the balance in the per-  
 15 sonal investment plan of the deceased individual within the  
 16 period of 20 business days following the expiration of the  
 17 20-day period described in such subsection.

18 “DEFINITIONS

19 “SEC. 255. For purposes of this part—

20 “(1) PERSONAL INVESTMENT PLAN.—The term  
 21 ‘personal investment plan’ means—

22 “(A) any personal investment retirement  
 23 plan in the Personal Investment Fund (estab-  
 24 lished under section 257) which is administered  
 25 by the Personal Investment Board, or



“(B) any individual retirement plan (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986) which is administered or issued by a bank or other person referred to in section 408(a)(2) of such Code, under terms which restrict deposits to personal investment plan contributions made to the plan pursuant to section 251 or 253 and transfers made to the plan pursuant to section 254, and under which distributions may only be made on or after the date on which the individual attains age 59½, made to a beneficiary (or to the estate of the individual) on or after the death of the individual, or attributable to the individual’s becoming disabled within the meaning of section 223(d).

“(2) COVERED EMPLOYER.—The term ‘covered employer’ means, for any calendar year, any person on whom an excise tax is imposed under section 3111 of the Internal Revenue Code of 1986 with respect to having an individual in the person’s employ to whom wages are paid by such person during such calendar year.

“(3) ELIGIBLE EMPLOYEE.—The term ‘eligible employee’ means in connection with any person who

1 is a covered employer for any calendar year begin-  
2 ning after December 31, 1999, any individual—

3 “(A) with respect to whose employment by  
4 such employer during such calendar year there  
5 is imposed an excise tax under section 3111 of  
6 the Internal Revenue Code of 1986, and

7 “(B) who does not attain age 55 during  
8 such calendar year.

9 “(4) ELIGIBLE SELF-EMPLOYED INDIVIDUAL.—

10 The term ‘eligible self-employed individual’ means  
11 any individual—

12 “(A) on whose self-employment income for  
13 a taxable year beginning after December 31,  
14 1999, there is imposed a tax under section  
15 1401(a) of the Internal Revenue Code of 1986,  
16 and

17 “(B) who does not attain age 55 during  
18 such taxable year.

19 “(5) PERSONAL INVESTMENT PLAN CONTRIBU-  
20 TION.—The term ‘personal investment plan con-  
21 tribution’ means—

22 “(A) with respect to any eligible employee  
23 of a covered employer, an amount equal to 1  
24 percent of the wages received by such employee

1 with respect to employment by such employer,  
2 and

3 “(B) with respect to the self-employment  
4 income of an individual for any taxable year, an  
5 amount equal to 1 percent of such income for  
6 such taxable year.

7 “(6) ELIGIBLE SURVIVOR.—The term ‘eligible  
8 survivor’ of a deceased individual means such indi-  
9 vidual’s spouse or, if there is no such spouse, such  
10 individual’s last surviving divorced spouse. Such  
11 term shall not include any such surviving divorced  
12 spouse who is married on the date of the deceased  
13 individual’s death.

14 “(7) BUSINESS DAY.—The term ‘business day’  
15 means any day other than a Saturday, Sunday, or  
16 legal holiday in the area involved.

17 “PENALTIES

18 “SEC. 256. (a) FAILURE TO ESTABLISH PERSONAL  
19 INVESTMENT PAYROLL DEDUCTION PLAN.—Any covered  
20 employer who fails to meet the requirements of section  
21 251 for any calendar year shall be subject to a civil penalty  
22 of not to exceed the greater of—

23 “(1) \$5,000 or

24 “(2) \$100 for each eligible employee of such  
25 employer as of the beginning of such calendar year.



1       “(b) FAILURE TO MAKE DEDUCTIONS REQUIRED  
2 UNDER PLAN.—Any covered employer who fails to deduct  
3 an amount from the wages of an eligible employee in ac-  
4 cordance with a personal investment payroll deduction  
5 plan shall be subject to a civil penalty of not to exceed  
6 \$500 for each such failure.

7       “(c) FAILURE BY EMPLOYER TO MAKE TIMELY PAY-  
8 MENTS TO PERSONAL INVESTMENT PLAN.—If an amount  
9 deducted from the wages of an eligible employee under a  
10 personal investment payroll deduction plan is not paid to  
11 the Social Security Administration with respect to the  
12 specified personal investment plan within the time pre-  
13 scribed by section 251—

14               “(1) the employer shall be subject to a civil  
15 penalty of not to exceed 50 percent of the amount  
16 so deducted, and

17               “(2) shall be liable to the employee for interest  
18 on the amount so deducted at the underpayment  
19 rate determined under section 6621 of the Internal  
20 Revenue Code of 1986 from the last day by which  
21 such amount was required to be so paid on the date  
22 on which such amount is paid into the specified per-  
23 sonal investment plan.

24       “(d) FAILURE BY ELIGIBLE SELF-EMPLOYED INDIV-  
25 IDUAL TO MAKE TIMELY PAYMENTS TO PERSONAL IN-

1 VESTMENT PLAN.—If a personal investment plan con-  
2 tribution is not paid by an eligible self-employed individual  
3 to the Social Security Administration with respect to a  
4 personal investment plan maintained by the individual  
5 within the time prescribed by section 253, such individual  
6 shall be subject to a civil penalty of not to exceed 50 per-  
7 cent of the amount of such contribution.

8 “(e) FAILURE BY TRUSTEE TO MAKE TIMELY  
9 TRANSFERS.—If the balance in the personal investment  
10 plan of a deceased individual is not transferred by the  
11 trustee within the time prescribed by section 254—

12 “(1) the trustee shall be subject to a civil  
13 penalty of not to exceed 50 percent of the  
14 amount of the balance, and

15 “(2) shall be liable for interest on the bal-  
16 ance at the underpayment rate determined  
17 under section 6621 of the Internal Revenue  
18 Code of 1986 from the last day by which such  
19 balance was required to be so transferred to the  
20 date on which such balance is transferred.

21 “(f) RULES FOR APPLICATION OF SECTION.—

22 “(1) PENALTIES ASSESSED BY COMMIS-  
23 SIONER.—Any civil penalty assessed by this section  
24 shall be imposed by the Commissioner of Social Se-  
25 curity and collected in a civil action.

1           “(2) COMPROMISES.—The Commissioner may  
2       compromise the amount of any civil penalty imposed  
3       by this section.

4           “(3) AUTHORITY TO WAIVE PENALTY IN CER-  
5       TAIN CASES.—The Commissioner may waive the ap-  
6       plication of this section with respect to any failure  
7       if the Commissioner determines that such failure is  
8       due to reasonable cause and not intentional dis-  
9       regard of rules and regulations.

10                   “PERSONAL INVESTMENT FUND

11       “SEC. 257. (a) ESTABLISHMENT.—There is estab-  
12       lished and maintained in the Treasury of the United  
13       States a Personal Investment Fund in the same manner  
14       as the Thrift Savings Fund under sections 8437, 8438,  
15       and 8439 of title 5, United States Code.

16       “(b) PERSONAL INVESTMENT FUND BOARD.—

17           “(1) IN GENERAL.—There is established and  
18       operated in the Social Security Administration a  
19       Personal Investment Fund Board in the same man-  
20       ner as the Federal Retirement Thrift Investment  
21       Board under subchapter VII of chapter 84 of title  
22       5, United States Code.

23           “(2) SPECIFIC INVESTMENT DUTIES.—The Per-  
24       sonal Investment Fund shall be managed by the  
25       Personal Investment Fund Board in the same man-  
26       ner as the Thrift Savings Fund is managed under



1 subchapter VIII of chapter 84 of title 5, United  
2 States Code.”.

3 (2) AMOUNTS DEDUCTED TO BE SHOWN ON W-  
4 2 STATEMENTS.—Section 6051(a) of the Internal  
5 Revenue Code of 1986 (relating to receipts for em-  
6 ployees), as amended by section 301(c)(3) of the  
7 Health Insurance Portability and Accountability Act  
8 of 1996, is amended—

9 (A) in paragraph (10), by striking “and”;

10 (B) in paragraph (11), by striking the pe-  
11 riod and inserting “, and”; and

12 (C) by inserting after paragraph (11) the  
13 following:

14 “(12) the total amount deducted from the em-  
15 ployee’s wages under a personal investment payroll  
16 deduction plan established under part B of title II  
17 of the Social Security Act.”.

18 (3) EXEMPTION FROM ERISA REQUIRE-  
19 MENTS.—Section 4(b) of the Employee Retirement  
20 Income Security Act of 1974 (29 U.S.C. 1003(b)) is  
21 amended—

22 (A) in paragraph (4), by striking “or”;

23 (B) in paragraph (5), by striking the pe-  
24 riod and inserting “; or”; and

1 (C) by inserting after paragraph (5) the  
2 following:

3 “(6) such plan is a personal investment payroll  
4 deduction plan established under part B of title II  
5 of the Social Security Act and does not provide for  
6 employer contributions.”.

7 (4) EFFECTIVE DATE AND NOTICE REQUIRE-  
8 MENTS.—

9 (A) EFFECTIVE DATE.—The amendments  
10 made by this subsection (and any personal in-  
11 vestment payroll deduction plan required there-  
12 under) apply with respect to wages paid after  
13 December 31, 1997, for pay periods ending  
14 after such date and self-employment income for  
15 taxable years beginning after such date.

16 (B) NOTICE REQUIREMENTS.—

17 (i) IN GENERAL.—Not later than Oc-  
18 tober 1, 1999, the Commissioner of Social  
19 Security shall—

20 (I) send to the last known ad-  
21 dress of each eligible individual a de-  
22 scription of the program established  
23 by the amendments made by this sec-  
24 tion, which shall be written in the  
25 form of a pamphlet in language which

1 may be readily understood by the av-  
2 erage worker,

3 (II) provide for toll-free access by  
4 telephone from all localities in the  
5 United States to the Social Security  
6 Administration through which individ-  
7 uals may obtain information and an-  
8 swers to questions regarding such pro-  
9 gram, and

10 (III) provide information to the  
11 media in all localities of the United  
12 States about such program and such  
13 toll-free access by telephone.

14 (ii) ELIGIBLE INDIVIDUAL.—For pur-  
15 poses of this subparagraph, the term “eli-  
16 gible individual” means an individual who,  
17 as of the date of the pamphlet sent pursu-  
18 ant to clause (i), is indicated within the  
19 records of the Social Security Administra-  
20 tion as—

21 (I) not having attained age 55,  
22 and

23 (II) being credited with 1 or  
24 more quarters of coverage under sec-



1                   tion 213 of the Social Security Act  
2                   (42 U.S.C. 413).

3                   (iii) MATTERS TO BE INCLUDED.—

4                   The Commissioner shall include with the  
5                   pamphlet sent to each eligible individual  
6                   pursuant to clause (i)—

7                   (I) a statement of the number of  
8                   quarters of coverage indicated in the  
9                   records of the Social Security Admin-  
10                  istration as of the date of the descrip-  
11                  tion as credited to such individual  
12                  under section 213 of such Act and the  
13                  date as of which such records may be  
14                  considered accurate, and

15                  (II) the number for toll-free ac-  
16                  cess by telephone established by the  
17                  Commissioner pursuant to clause (i).

18           (c) ADJUSTMENTS TO PRIMARY INSURANCE  
19 AMOUNTS.—

20           (1) IN GENERAL.—Section 215 of the Social  
21           Security Act (42 U.S.C. 415) is amended by adding  
22           at the end the following:

1 “Adjustment of Primary Insurance Amount of Eligible  
 2 Employees and Eligible Self-Employed Individuals  
 3 Under Part B

4 “(j)(1) Except as provided in paragraph (2), in the  
 5 case of an individual who is—

6 “(A) an eligible employee, as defined under sec-  
 7 tion 255(3), or

8 “(B) an eligible self-employed individual, as de-  
 9 fined under section 255(4),

10 such individual’s primary insurance amount shall be deter-  
 11 mined under subsection (a)(1)(A) (before subsequent ad-  
 12 justments made under subsection (i)), by substituting the  
 13 first, second, and third primary insurance amount factors  
 14 determined in the following table for the primary insur-  
 15 ance amount factors “90”, “32”, and “15” in clauses (i),  
 16 (ii), and (iii), respectively:

“If individual’s age in 2000 is:	The PIA factors for such in- dividual are—		
	First	Second	Third
25 and under .....	90	23	9
26 to 35 .....	90	26	12
35 to 45 .....	90	29	13
45 to 55 .....	90	30	14
55 and over .....	90	32	15

17 “(2)(A) In the case of an individual described in  
 18 paragraph (1) who has not attained age 55 in 1998 and  
 19 who becomes entitled to disability insurance benefits under  
 20 section 223 or dies before attaining age 62, such individ-

1 ual's second and third primary insurance amount factors  
2 shall equal such factors contained in the table in para-  
3 graph (1) for individuals who have attained age 55 or over  
4 in 2000, reduced by the amount described in subpara-  
5 graph (B).

6 “(B) The amount described in this subparagraph is  
7 equal to—

8 “(i) the excess of—

9 “(I) the second (or third) primary insur-  
10 ance amount factor contained in the table in  
11 paragraph (1) for individuals who have attained  
12 age 55 or over in 2000, over

13 “(II) the second (or third) primary insur-  
14 ance amount factor contained in such table for  
15 individuals of the age of the individual in 2000;  
16 multiplied by—

17 “(ii) the fraction—

18 “(I) the numerator of which is the number  
19 of years such individual is alive and not dis-  
20 abled after age 21 (or after 2000, if later) and  
21 before age 62, and

22 “(II) the denominator of which is 40 (or  
23 the number of years after 2000 and before the  
24 year the individual attains age 62, if less).”.



1           (2) CONFORMING AMENDMENT TO RAILROAD  
2 RETIREMENT ACT OF 1974.—Section 1 of the Rail-  
3 road Retirement Act of 1974 (45 U.S.C. 231) is  
4 amended by adding at the end the following:

5       “(s) In applying applicable provisions of the Social  
6 Security Act for purposes of determining the amount of  
7 the annuity to which an individual is entitled under this  
8 Act, such individual shall not be treated as an ‘eligible  
9 individual’ as defined in section 253(4) of the Social Secu-  
10 rity Act.”.

11           (3) EFFECTIVE DATE.—The amendments made  
12 by this subsection apply with respect to months after  
13 December 1999.

14 **SEC. 3. PHASED-IN INCREASE IN SOCIAL SECURITY RETIRE-**  
15 **MENT AGES.**

16       (a) NORMAL RETIREMENT AGE.—Section 216(l) of  
17 the Social Security Act (42 U.S.C. 416(l) is amended—

18           (1) in paragraph (1), by striking subparagraphs  
19 (B), (C), (D), and (E) and inserting the following:

20               “(B)(i)(I) except as provided in clause (ii),  
21 with respect to an individual who attains age 62  
22 after December 31, 1999, and before January  
23 1, 2029, 65 years of age plus  $\frac{2}{12}$  of the num-  
24 ber of months in the period beginning with Jan-

1 uary 2000 and ending with December of the  
2 year in which the individual attains age 62,

3 “(II) with respect to an individual who at-  
4 tains age 62 after December 31, 2028, 70 years  
5 of age, and

6 “(III) with respect to an individual who at-  
7 tains age 62 after December 31, 2029, 70 years  
8 of age plus  $\frac{1}{24}$  of the number of months in the  
9 period beginning with January 2030 and ending  
10 with December of the year in which the individ-  
11 ual attains age 62 (rounded down to a full  
12 month); and

13 “(ii)(I) in the case of widow’s or widower’s  
14 insurance benefits, with respect to an individual  
15 who attains age 60 after December 31, 1999,  
16 and before January 1, 2029, 63 years of age  
17 plus  $\frac{2}{12}$  of the number of months in the period  
18 beginning with January 2000 and ending with  
19 December of the year in which the individual  
20 attains age 60,

21 “(II) with respect to an individual who at-  
22 tains age 60 after December 31, 2028, 68 years  
23 of age, and

24 “(III) with respect to an individual who at-  
25 tains age 60 after December 31, 2029, 68 years

1 of age plus  $\frac{1}{24}$  of the number of months in the  
2 period beginning with January 2030 and ending  
3 with December of the year in which the individ-  
4 ual attains age 60 (rounded down to a full  
5 month).”, and

6 (2) by striking paragraph (3).

7 (b) **EARLY RETIREMENT AGE.**—Section 216(l)(2) of  
8 the Social Security Act (42 U.S.C. 416(l)(2)) is amended  
9 to read as follows:

10 “(2) The term ‘early retirement age’ means—

11 “(A) except as otherwise provided in this  
12 paragraph, age 62 in the case of an old-age,  
13 wife’s, or husband’s insurance benefit, and age  
14 60 in the case of a widow’s or widower’s insur-  
15 ance benefit;

16 “(B)(i)(I) except as provided in clause (ii),  
17 with respect to an individual who attains age 62  
18 after December 31, 1999, and before January  
19 1, 2017, 62 years of age plus  $\frac{2}{12}$  of the num-  
20 ber of months in the period beginning with Jan-  
21 uary 2000 and ending with December of the  
22 year in which the individual attains age 62,

23 “(II) with respect to an individual who at-  
24 tains age 62 after December 31, 2016, 65 years  
25 of age, and



1           “(III) with respect to an individual who at-  
2           tains age 62 after December 31, 2029, 65 years  
3           of age plus  $\frac{1}{24}$  of the number of months in the  
4           period beginning with January 2030 and ending  
5           with December of the year in which the individ-  
6           ual attains age 62 (rounded down to a full  
7           month); and

8           “(ii)(I) in the case of widow’s and widow-  
9           er’s insurance benefits, with respect to an indi-  
10          vidual who attains age 60 after December 31,  
11          1999, and before January 1, 2017, 60 years of  
12          age plus  $\frac{2}{12}$  of the number of months in the  
13          period beginning with January 2000 and ending  
14          with December of the year in which the individ-  
15          ual attains age 60,

16          “(II) with respect to such an individual  
17          who attains age 60 after December 31, 2016,  
18          63 years of age, and

19          “(III) with respect to such an individual  
20          who attains age 60 after December 31, 2029,  
21          63 years of age plus  $\frac{1}{24}$  of the number of  
22          months in the period beginning with January  
23          2030 and ending with December of the year in  
24          which the individual attains age 60 (rounded  
25          down to a full month).”.

1       (c) REDUCTION IN BENEFITS FOR EARLY RETIREES  
2 MAINTAINED AT CURRENT LEVEL.—Section  
3 202(q)(9)(A) of the Social Security Act (42 U.S.C.  
4 402(q)(9)(A)) is amended by inserting “, but in no event  
5 shall be greater than 30 percent” before the semicolon.

6 **SEC. 4. MODIFICATION OF CPI CALCULATION FOR SOCIAL**  
7 **SECURITY COLAS.**

8       Notwithstanding any other provision of title II of the  
9 Social Security Act, with respect to calculations made  
10 after December 31, 1999, with respect to any cost-of-liv-  
11 ing calculation under such title, the Bureau of Labor Sta-  
12 tistics of the Department of Labor shall reduce the annual  
13 percentage change in the Consumer Price Indexes, as de-  
14 termined without regard to this section, by 0.5 percentage  
15 point.

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